

Message Text

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PAGE 01 TORONT 01552 211503Z

ACTION EB-07

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DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 EPG-02 AID-05 SS-15 STR-04

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FM AMCONSUL TORONTO

TO SECSTATE WASHDC 5710

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USMISSION GENEVA

INFO AMEMBASSY OTTAWA

UNCLAS TORONTO 1552

E.O. 11652: N/A

TAGS: EIND, ETRD, EMTN, CA

SUBJECT: CANADIAN CHEMICAL PRODUCERS ASSOCIATION ON MTN

FOR USDEL MTN GENEVA

REF: TORONTO 1032; TORONTO 951

1. CANADA SHOULD MAINTAIN -- FOR THE TIME BEING AT LEAST -- TARIFF PROTECTION IN THE RANGE OF 10-15 0/0 FOR MANY INDUSTRIAL CHEMICALS MADE IN CANADA, WHILE TEMPORARY DUTY-FREE ENTRY OF CHEMICALS NOT PRODUCED IN CANADA SHOULD BE CONTINUED UNTIL SUCH TIME AS PRODUCTION IN CANADA IS INITIATED, ACCORDING TO THE VICE CHAIRMAN OF THE CANADIAN CHEMICAL PRODUCERS ASSOCIATION, W.N. KISSICK (VICE PRESIDENT OF UNION CARBIDE CANADA) IN A SPEECH DELIVERED JUNE 13.

2. ARGUING THAT REDUCTION OR ELIMINATION OF TARIFFS ON INDUSTRIAL CHEMICALS SHOULD BE MADE ON A SELECTIVE BASIS DEPENDING ON THE COMPETITIVE COST SITUATION FOR EACH PRODUCT OR PRODUCT GROUP,
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PAGE 02 TORONT 01552 211503Z

KISSICK SAID THAT MAINTENANCE OF EXISTING TARIFF LEVELS CONTINUES TO BE REQUIRED FOR MANY INDUSTRIAL CHEMICALS BECAUSE OF "DEMONSTRABLY HIGHER COSTS COMPARED TO THOSE OF OUR PRINCIPAL COMPETITOR, THE U.S." HOWEVER, "OVER A LONGER PERIOD OF TIME", THE INDUSTRY WOULD ENDEAVOR TO OVERCOME ITS STRUCTURAL DEFICIENCIES TO ATTAIN COMPETITIVE STANCE SO THAT "TARIFFS MAY THEN BE REDUCED." PROPOSED DEEP TARIFF CUTS, SUCH AS 50 0/0 ACROSS THE BORD

ON CHEMICALS, WOULD BE "EXTREMELY HARMFUL IN TERMS OF IMPACT ON
ALREADY LESS-THAN-SATISFACTORY PROFIT LEVELS."

3. TEMPORARY DUTY FREE IMPORTS OF CHEMICALS NOT PRODUCED IN CANADA
CURRENTLY ACCOUNT FOR "CLOSE TO 50 0/0" OF ALL INDUSTRIAL CHEMICAL
IMPORTS. THIS POLICY SHOULD BE CONTINUED AND SHOULD BE "GIVEN
RECOGNITION IN GATT." WHILE THE OPTION OF REIMPOSING DUTIES
WHEN CANADIAN PRODUCTION IS UNDERTAKEN SHOULD BE MAINTAINED
TO PROVIDE ASSISTANCE TO "FLEDGLING PRODUCTION OPERATIONS".

4. DEEP CUTS IN FOREIGN TARIFFS WOULD BY NO MEANS OFFSET
THE DETRIMENTAL IMPACT OF SIMILAR CANADIAN REDUCTIONS. THE BENEFITS
WOULD BE PRIMARILY REFLECTED IN BETTER PROFITS ON EXPORT
SALES, RATHER THAN IN INCREASED EXPORTS.

5. ECHOING OTHER INDUSTRIAL SPOESMEN AND ONTARIO GOVERNMENT
OFFICIALS (E.G. REFTELS), KISSICK COMPLAINED THAT CHEMICAL
AND OTHER INDUSTRIES HAVE LABORED LONG AND HARD DEVELOPING
"LENGTHY PRESENTATIONS OF DATA AND REASONING" TO CANADIAN
TRADE AND TARIFF COMMISSION AND OTHER SENIOR GOVERNMENT
OFFICIALS, BUT THAT "A LARGE PART OF THIS ACTIVITY HAS BEEN
IN THE FORM OF A MONOLOGUE." THE GOVERNMENT, HE SAID, HAS
PROVIDED LITTLE GUIDANCE REGARDING ITS OBJECTIVES AND METHODS"
"WHERE IS THE COMPREHENSIVE AND COHESIVE PLAN?"

6. COPIES OF RELEVANT PORTION OF SPEECH BEING FURNISHED TO ALL
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PAGE 03 TORONT 01552 211503Z

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Disposition Approved on Date:
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